

Resource List to Help Homeowners Avoid Foreclosure is Available

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Under current law, the debt forgiven following mortgage foreclosure or renegotiation is considered income for tax purposes. That means homeowners can face a large tax bill at the same time that they are losing their homes. The bill provides tax relief by permanently excluding this mortgage debt forgiven under these circumstances from taxes. To prevent abuse, the bill caps at \$2 million the maximum amount of forgiven debt that would be eligible for the tax relief.

The problems surrounding the subprime mortgage markets have pushed the U.S. housing market into its worst slump in 16 years. It's a crisis that has hit Ohio particularly hard. Recent Realty Trac statistics show that foreclosures in Ohio have jumped 138% from August 2006 to August 2007. That's well ahead of the national increase of 115%.

"The American dream of home ownership is in danger of turning into a nightmare for so many families," Congressman Charlie Wilson (OH-6) said. "Homes are being foreclosed at record rates, and that's especially true in Ohio."

In September, Wilson also joined a majority in the House of Representatives by voting in favor of the Homeownership Act of 2007. This Act would enable FHA to serve more sub-prime borrowers and alleviate some of the troubles that face Americans struggling to make mortgage payments.

In addition to Congress, a number of federal and state agencies as well as nonprofit organizations have responded to the crisis and developed free or low-cost foreclosure prevention programs to help homeowners who are having trouble with their loans. The House Financial Services Committee, a committee on which Wilson serves, has prepared a list of those resources to help homeowners.

"I'm pleased to share this list of resources and sincerely hope it can help bring some relief to families in need," Wilson said.

[That resource list is available here](#)